



NEWS RELEASE

United States Senate
**Committee on Small Business
and Entrepreneurship**

Christopher S. "Kit" Bond, Ranking Member

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***BOND CALLS ON TREASURY SECRETARY TO PROVIDE
VEHICLE DEPRECIATION RELIEF FOR SMALL BUSINESSES***

(Washington) – Senator Kit Bond today called on the Treasury Department to use nearly 20-year-old regulatory authority to provide tax relief for small businesses and entrepreneurs across the nation. In a letter to Treasury Secretary Paul O'Neill, Bond urged that light trucks and vans used in business be exempt from the current limits on depreciation deductions.

"For countless small businesses like florists, sales representatives, and construction contractors, a pick-up truck or a van is the heart of their business," said Bond, Ranking Member of the Senate Committee on Small Business and Entrepreneurship. "Out-of-date tax laws force these small firms to pay higher taxes because of the limit on depreciation deductions.

"If we want to provide real economic stimulus for small businesses, it's time for the Treasury Department to use the authority that Congress granted in 1984 and allow these businesses to depreciate their business vehicles fully."

Under current tax rules in section 280F of the Internal Revenue Code, businesses are limited to a total of \$14,460 in depreciation deductions for vehicles placed in service in 2000. With the current cost of automobiles and especially light trucks and vans far exceeding this limit, businesses cannot claim large amounts of vehicle expenses, resulting in significantly higher tax bills.

"The regulation I am asking the Treasury to issue is a winner. It will ease the cashflow burdens facing small businesses in these tough economic times," Bond added. "With the tax savings, small businesses will have an incentive to purchase new trucks and vans, which also will benefit the economy." In addition, this regulation will reduce the tax compliance costs and recordkeeping burdens for small businesses.

A provision of Bond's "Small Business Leads to Economic Recovery Act of 2001" (S. 1493), introduced last month, would raise the overall depreciation limitation to \$25,000 in order to make the tax law more consistent with current cost of automobiles. Bond's request to O'Neill would exempt light trucks and vans from the limitation altogether.